NBCC (India) Ltd — Aug 2022 Quarterly Analysis

1. VERDICT & BUSINESS QUALITY SNAPSHOT

The punchline. Read this first — it frames everything below.

Result: Inline on Operations / Miss on Reported PAT **One-line:** NBCC is "cleaning house" by providing for legacy project failures (Green View) and pruning □3,000 Cr of non-materializing orders, while the Amrapali execution ramp-up becomes the primary engine for FY23-24 growth.

Dimension	This Quarter	Signal / Evidence	Sentiment
Beat/Miss vs Guidance / Prior Quarter	Inline / Mixed	Revenue grew 31% YoY, but reported PAT was wiped out by a □110 Cr exceptional loss.	□
Earnings Quality	Low (One-off driven)	Core PBT of □105 Cr was healthy, but the □110 Cr provision for "Green View" Gurgaon reflects legacy execution risks.	□
Guidance Confidence	Neutral	Management maintained an □8,500 Cr revenue target despite a slow start in order inflows (□660 Cr).	□
Management Credibility	Neutral	Active pruning of □3,000 Cr in slow-moving orders is a positive for transparency, but legacy project losses hurt.	□
Business Quality Signal	Stable	The shift toward high-margin Redevelopment and Amrapali (8% margins) is structural.	□
Key Q&A Exchange	Q#1 — Order Pruning	Management confirmed the deletion of □3,000 Cr in "dead" orders to reflect a realistic backlog.	□
The Street's Primary Anxiety	Execution of Redevelopment	Slow monetization of Nauroji Nagar and Sarojini Nagar; management blames past litigation/COVID.	□
Capital Cycle Stage	Harvesting	Executing on a massive □56,000 Cr order book with high cash balances (□5,000 Cr+).	□
Margin / Return Ratio Trajectory	Improving	Shift in mix toward Amrapali/Redevelopment (8% margin) vs PMC (5-6%).	□
Pricing Power	Stable	Predominantly a PMC/Cost-plus model; margins are structurally fixed.	→
FCF Conversion & Quality	Strong	Standalone cash at □2,100 Cr; consolidated >□5,000 Cr. Negative working capital model persists.	□
Competitive Moat Signals	Stable	Continued preference for NBCC in complex government redevelopment and distressed project resolution.	→
Balance Sheet Strength	Strong	Zero debt and significant cash reserves.	□
Working Capital Efficiency	Stable	Significant "seed money" interest (□220 Cr) still due from Ministry, but core operations are cash-rich.	□
Mgmt Guidance Track Record	Mixed	Historical execution on redevelopment monetization has been sluggish.	□
Key Vulnerability / Red Flag	Legacy Project Risk	The □110 Cr loss in Sector-37D Gurgaon highlights potential liabilities in older construction portfolios.	□
Management Tone	Confident yet Pragmatic	Bullish on Amrapali ramp-up; realistic about deleting unviable orders.	□

Key Takeaways: * **Positives:** Strong top-line growth (31% YoY); high-margin segments (Amrapali/ Redevelopment) now contributing significantly to the mix; aggressive pruning of □3,000 Cr "dead" order book improves visibility; robust consolidated cash position (>□5,000 Cr). * **Negatives:** Reported PAT hit by □110 Cr exceptional loss due to structural issues at the Gurgaon Green View project; redevelopment monetization remains slow (only □341 Cr sold in Nauroji Nagar this quarter); order inflows of □660 Cr are weak relative to the □8,000 Cr annual target. * **Street Concern:** Analysts remain skeptical about the pace of redevelopment monetization and the potential for further legacy project provisions. * **Forward Watchpoint:** Execution of the 12,000-flat handover target for Amrapali by fiscal year-end, which is critical for meeting the □8,500 Cr revenue guidance.

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2. BUSINESS PERFORMANCE

2A. KEY METRICS

DATA SOURCE: PPT not available — all numbers sourced from concall transcript.

Metric	Current Qtr (Q1FY23)	YoY Change	QoQ Change	Trend	Mgmt Commentary
Total Income (Consol)	□1,853 Cr	↑ 31%	Not avail	↑	Driven by execution in Amrapali and Redevelopment.
Revenue (Standalone)	Not explicitly stated	Not avail	Not avail	→	Guidance for FY23 set at □7,000 Cr.
EBITDA Margin %	3.56%	Not avail	Not avail	→	Driven by Amrapali (8% margin) and Redevelopment (8%).
PBT (Consol)	□105 Cr	↑ 112%	Not avail	↑	Before exceptional items; reflects strong core execution.
PAT (Consol)	~□0 Cr	↓ 100%	Not avail	↓	Impacted by □110 Cr provision for Gurgaon project loss.
Order Book (Consol)	□56,000 Cr	Not avail	Not avail	→	Pruned by □3,000 Cr of non-materializing projects.
Order Book (SA)	□46,480 Cr	Not avail	Not avail	→	50% PMC, 50% Redevelopment.
Order Inflows (Consol)	□660 Cr	Not avail	Not avail	↓	Soft quarter for new awards; pipeline of □6,500 Cr remaining.
Execution Rate	3.3%	Not avail	Not avail	→	Quarterly execution (□1,853 Cr) vs □56,000 Cr backlog.
Net Cash (SA)	□2,100 Cr	Not avail	Not avail	→	Robust liquidity position.
Net Cash (Consol)	>□5,000 Cr	Not avail	Not avail	→	Includes HSCL and HSCC cash balances.

2B. SEGMENT BREAKDOWN

Segment	Revenue (□ Cr)	YoY Growth	Margin	Trend	vs Co. Avg	Key Development
PMC	Not stated	Not avail	5-6%	→	Below Avg	Core steady-state business.
Redevelopment	~□226 Cr*	Not avail	8%	↑	Above Avg	Nauroji Nagar contributed □202 Cr; Sarojini Nagar □24 Cr.
Amrapali	□319 Cr	Not avail	8%	↑	Above Avg	Execution ramped up after □1,500 Cr loan tie-up.
EPC (Others)	Not stated	Not avail	Variable	→	In-line	Includes AIIMS Bilaspur (□100 Cr) and ITPO (□93 Cr).

**Calculated based on project-specific commentary.*

3. MANAGEMENT OUTLOOK & EXECUTION TRACKER

Dimension	Category	Management Target / Claim	Required Run-Rate / Mathematical Feasibility	Historical Delivery	Risk Flag
Guidance	Revenue (Consol)	□8,500 Cr for FY23	Needs □2,216 Cr/qtr for next 3 qtrs. Feasible if Amrapali hits □2,000 Cr target.	First entry	Execution delays in GPRA
Guidance	Revenue (SA)	□7,000 Cr for FY23	Needs approx □1,800 Cr/qtr. Highly dependent on redevelopment selling.	First entry	Monetization pace
Guidance	Amrapali Execution	□2,000 Cr in FY23	Needs ~□560 Cr/qtr (Q1 was □319 Cr). Significant ramp-up required.	First entry	Funding availability
Guidance	Order Inflows	□8,000 Cr for FY23	Needs □2,446 Cr/qtr (Q1 was only □660 Cr). High dependence on H2.	First entry	Tendering delays
Strategy	Portfolio Cleanup	Delete □3,000 Cr bad orders	Completed this quarter.	Delivered	Order book quality
Strategy	Amrapali Handover	12,000 flats by FY23 end	Currently at 1,600. Needs 10,400 more handovers in 9 months.	First entry	Homebuyer payments
Balance	Cash Management	Maintain high liquidity	Standalone cash at □2,100 Cr.	Delivered	Dividend pressure

4. ANALYST Q&A

Q#	Relevance	Analyst / Firm	Theme Cluster	Category	Underlying Concern	Management Response & Investment Implication	Evaded / Not Addressed	Credibility	Ve
1	4.5	Rohit Natarajan / Antique	Order Backlog	Business Overview	"what was the quantum of order cancellation in this particular quarter?"	Management confirmed a deletion of approximately □3,000 Cr in orders that were unlikely to materialize, such as the Vizag state guest house and Rajasthan JV. This cleanup provides a more realistic view of the executable backlog and reduces the risk of revenue misses from "ghost" orders.	None	5.0	Cle cle
2	3.5	Rohit Natarajan / Antique	Tendering	Management Commentary	"our target is... 8000 Crores of awarding what seems to be the number over there and how we are in a track to achieve that?"	Management expects to award □8,000 Cr worth of tenders for the full year, with □1,507 Cr currently in the pipeline. This suggests a back-ended execution year, placing high pressure on the second half to meet the execution guidance.	None	4.0	Dir
3	4.0	Rohit Natarajan / Antique	Margins	Financials	"is there any provision write back or any such provision made what is that amount looking like?"	Management identified a small □4 Cr reversal of ECL provisions, while the core margin was primarily impacted by the □110 Cr "Green View" loss. Investors should	None	4.0	Ve

Q#	Relevance	Analyst / Firm	Theme Cluster	Category	Underlying Concern	Management Response & Investment Implication	Evaded / Not Addressed	Credibility	Ve
						focus on the underlying 3.5% EBITDA margin as the true operational run-rate.			
4	3.5	Rohit Natarajan / Antique	Other Income	Financials	"how much of the other income is really an accounting income or what is the cash realization?"	Management noted other income of □46 Cr, largely from interest on seed money, with □220 Cr still due in cash from the Ministry. This reveals a slight working capital drag where interest is accrued but not yet collected.	None	4.0	Qu
5	3.0	Anshuman Ashit / ICICI	Liquidity	Financials	"what is the cash that we have in our hands currently at the end of June?"	Standalone cash and bank balances stood at □2,100 Cr as of June 30, 2022. This high liquidity provides a significant safety net and supports the negative working capital model of the PMC business.	None	5.0	Sp
6	4.5	Anshuman Ashit / ICICI	Guidance	Management Commentary	"Current year FY2023 what is our revenue on margin expectations...?"	Management guided for □8,500 Cr consolidated revenue with a PBT margin of 6-7% (excluding exceptional items). Meeting this requires a significant ramp-up in Amrapali and redevelopment execution in the	None	4.0	Co

Q#	Relevance	Analyst / Firm	Theme Cluster	Category	Underlying Concern	Management Response & Investment Implication	Evaded / Not Addressed	Credibility	Ve
						coming quarters.			
7	3.0	Anshuman Ashit / ICICI	International	Business Overview	"Do we have any projects outside of India also currently that you are executing...?"	Management highlighted active projects in Maldives, Mauritius, and a new $30 million project in Seychelles. International expansion provides geographical diversification, though it remains a small portion of the total ₹56,000 Cr backlog.	None	4.0	Co
8	4.0	Meet Parikh / Anand Rathi	Amrapali	Business Overview	"how many flats have been handed over and how many you intend to handover in the current fiscal...?"	Management has handed over 1,600 flats to date and targets a total of 12,000 flat completions/ handovers by the end of the fiscal year. Successful delivery is critical to unlock the next tranches of funding and maintain execution momentum.	None	4.0	Sp
9	4.0	Meet Parikh / Anand Rathi	Amrapali Funding	Financials	"how much fund has been released till date from the consortium of banks?"	Management stated that banks are releasing funds without delay as per project requirements, following the ₹1,600 Cr tie-up. This removes a major historical	Exact amount released	3.0	Dir

Q#	Relevance	Analyst / Firm	Theme Cluster	Category	Underlying Concern	Management Response & Investment Implication	Evaded / Not Addressed	Credibility	Ve
						bottleneck for the project, allowing for the projected ₹2,000 Cr execution this year.			
10	4.0	Meet Parikh / Anand Rathi	Redevelopment	Business Overview	"what is the status on that, Nauroji Nagar and Sarojini Nagar project?"	Nauroji Nagar is 52% complete with ₹4,500 Cr in total sales, while Sarojini Nagar commercial sales have just commenced with ₹24 Cr booked. The slow start in Sarojini Nagar sales is a key monitoring point for the self-funding redevelopment model.	None	4.0	Dir
11	3.5	Meet Parikh / Anand Rathi	Asset Sale	Capex and Allocation	"any progress on... monetization of land in Patna...?"	Management expects to receive the provisional certificate in August and start sales immediately thereafter. This represents a minor but high-margin inventory liquidation of ₹150 Cr.	None	3.5	Tim giv
12	2.5	Meet Parikh / Anand Rathi	Order Book	Financials	"I just missed out few numbers... standalone order book... consolidated order book?"	Management reiterated the standalone backlog of ₹46,500 Cr and consolidated at ₹56,000 Cr. These numbers reflect the post-pruning state of	None	5.0	Ve

Q#	Relevance	Analyst / Firm	Theme Cluster	Category	Underlying Concern	Management Response & Investment Implication	Evaded / Not Addressed	Credibility	Ve
						the company's prospects.			
13	4.0	Rohit Natarajan / Antique	Backlog Mix	Business Overview	"what is the PMC and how much is the redevelopment part Sir?"	The standalone backlog is split 50/50 between PMC (□23,000 Cr) and Redevelopment (□23,000 Cr). This shift toward redevelopment is thesis-positive as these projects generally carry higher margins (8%) compared to traditional PMC (5-6%).	None	5.0	Ve
14	4.5	Rohit Natarajan / Antique	Execution Pace	Management Commentary	"the monetization is extremely slow... what is it that is actually acting as a constraint...?"	Management attributed the slow pace to a two-year court case and COVID-related sluggishness in commercial real estate demand. The transition to Sarojini Nagar sales marks a critical test of whether demand for high-end government-backed commercial space has recovered.	None	3.0	De
15	4.0	Rohit Natarajan / Antique	Top Projects	Financials	"revenue during this quarter of seven projects... Amrapali, Nauroji Nagar, Sarojini Nagar...?"	Amrapali (□319 Cr) and Nauroji Nagar (□202 Cr) were the top contributors, followed by AIIMS Bilaspur (□100 Cr). This concentration highlights that overall company	None	5.0	Cle qu

Q#	Relevance	Analyst / Firm	Theme Cluster	Category	Underlying Concern	Management Response & Investment Implication	Evaded / Not Addressed	Credibility	Ve
						growth is now highly leveraged to these few mega-projects.			
16	4.5	Rohit Natarajan / Antique	Amrapali Outlook	Management Commentary	"Is it fair to assume that Amrapali will go in revenue recognition in FY2025 or will we see some bunk up in revenue next year?"	Management expects FY24 to be the "very high revenue" year for Amrapali, with execution likely reaching □4,000 Cr as the project nears completion. This provides a clear visibility for revenue growth acceleration in the next 18 months.	None	4.5	Tin giv
17	3.0	Parvez Qazi / Edelweiss	Subsidiaries	Business Overview	"split of the 56000 Crores consolidated order book between PMC and redevelopment...?"	Standalone is □46,480 Cr, HSCL is □5,190 Cr, and HSCC is □4,519 Cr (both entirely PMC). This confirms that NBCC's higher-margin redevelopment business is concentrated entirely within the standalone entity.	None	5.0	Sp
18	3.0	Parvez Qazi / Edelweiss	Consol Cash	Financials	"What would be our consolidated cash levels currently?"	Consolidated cash balance is over □5,000 Cr as of June 30, 2022. This reflects a very strong balance sheet that can withstand legacy project losses or temporary	None	5.0	Sp

Q#	Relevance	Analyst / Firm	Theme Cluster	Category	Underlying Concern	Management Response & Investment Implication	Evaded / Not Addressed	Credibility	Ve
						monetization delays.			
19	3.5	Pankaj Kumar / Kotak	Risk Management	Governance	"is there any other slow moving project which is likely to be canceled...?"	Management stated that no further major cancellations are expected following the □3,000 Cr cleanup this quarter. This suggests that the current order book has been "kitchen-sinked" and represents high-quality executable work.	None	4.0	Re
20	3.5	Pankaj Kumar / Kotak	Amrapali Value	Financials	"the outstanding contract in value terms is around 6000 Crores so am I right on that?"	Management confirmed approximately □6,000 Cr of work remains in Amrapali, with □2,000 Cr targeted for FY23 and □4,000 Cr for FY24. This confirms Amrapali will remain the single largest revenue driver for the next two years.	None	5.0	Ve
21	4.0	Pankaj Kumar / Kotak	New Business	Management Commentary	"can you help us with the size of those projects [in the pipeline]...?"	Management identified a □6,500 Cr pipeline for the year, including □2,500 Cr in Delhi defense land parcels and □2,000 Cr in UP/Haryana projects. Success in these bids is	None	4.5	Qu

Q#	Relevance	Analyst / Firm	Theme Cluster	Category	Underlying Concern	Management Response & Investment Implication	Evaded / Not Addressed	Credibility	Ve
						necessary to replenish the order book as execution on Amrapali/ Redevelopment accelerates.			
22	4.0	Pankaj Kumar / Kotak	Margin Drivers	Financials	"key driver for [improved margins]... are we executing high margin or it is more of operating leverage?"	Improvements are driven by the higher 8% margins in Amrapali and Redevelopment, alongside a reduction in overhead costs. This structural shift in project mix is the primary reason for the expansion in PBT margins toward the 7% target.	None	4.5	Str shi

PATTERN FLAGS & SENTIMENT

- **Order Book Pruning & Quality:** Analysts expressed significant interest in the □3,000 Cr order cancellation. Management's proactive approach to deleting non-materializing orders was seen as a credibility booster, shifting the focus from "order book growth" to "executable backlog." This concern appears resolved for now, but analysts will monitor if execution rates on the remaining □56,000 Cr actually accelerate.
- **Redevelopment Monetization:** This remains a persistent anxiety. Multiple questions focused on the slow sales in Nauroji Nagar and the newly launched Sarojini Nagar. Management was somewhat defensive, citing historical litigation and COVID, but the underlying concern remains: if inventory doesn't sell, the redevelopment execution could stall. This topic will certainly resurface next quarter.
- **Amrapali Ramp-up:** This has shifted from a "risk" to a "revenue engine." Analysts were encouraged by the □1,500 Cr loan tie-up and the clear execution roadmap (□2,000 Cr this year, □4,000 Cr next). The focus has moved to the mechanical feasibility of handing over 10,000+ flats in nine months.

Analyst Sentiment Verdict: The overall analyst sentiment was **cautiously optimistic**. While the "Green View" loss was a negative surprise, the management's transparency in cleaning the order book and the concrete execution ramp-up in Amrapali were well-received. The friction point remains the slow monetization of the Redevelopment segment. Management's credibility improved slightly due to the "kitchen-sinking" of bad orders and legacy losses this quarter, clearing the deck for future performance. The greatest risk remains a further slowdown in Delhi real estate monetization.

GUIDANCE GAPS REVEALED IN Q&A

Topic	What Mgmt Claimed (Prior/Opening)	What Q&A Revealed	Gap / Walk-back	Risk to Thesis
Order Book	Consolidated OB was perceived as higher.	Deletion of □3,000 Cr in orders.	5% reduction in backlog visibility.	Low; improves quality of backlog.
Monetization	Redevelopment is self-funding.	Sales are sluggish (only □341 Cr this quarter).	Cash inflow from sales is lagging execution.	Medium; could impact execution pace.

5. WHAT CHANGED vs PRIOR QUARTER

First entry — no prior quarter to compare. Treated as baseline quarter.

What Changed	Prior Quarter	This Quarter	Direction
Legacy Project Liability	N/A	□110 Cr Provision for Green View Gurgaon	□
Order Book Quality	N/A	□3,000 Cr Slow-moving orders deleted	□
Funding Bottleneck	N/A	□1,500 Cr Loan secured for Amrapali	□
Revenue Engine Mix	N/A	Amrapali execution now 17% of total revenue	□
Inventory Monetization	N/A	Sarojini Nagar Commercial Sales launched	□